

Jerrel Smith, vice president—Environmental, Safety, and Health for the Union Electric Co. of St. Louis, MO, retired on January 31. He will assume a new role as environmental policy consultant to the senior management of the Union Electric Co.

In his 37 years of service to Union Electric Co., Mr. Smith has played an active role in assisting Federal, State, and local legislative and regulatory entities in establishing environmental protection. During his career, he has participated in the formation and implementation of many environmental laws. Of particular note was his work with us on the Clean Air Act, which will help us achieve reductions in air pollution in a way that achieves tough new standards in a cost-effective manner. This work will save ratepayers in eastern Missouri many millions of dollars.

The 104th Congress acknowledges the many achievements of Jerrel Smith. We thank him for his continuing contributions to the development of effective national policies—and wish him best of luck in his new endeavors.

## GAO REPORT—FORMER SOVIET UNION

**HON. LEE H. HAMILTON**

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, February 15, 1995*

Mr. HAMILTON. Mr. Speaker, on February 7 the GAO issued Report GAO/NSIAD-95-10, entitled "Former Soviet Union: U.S. Bilateral Program Lacks Effective Coordination." As the report puts it:

[w]hile the Freedom Support Act gives the State Department Coordinator broad responsibility for U.S. bilateral programs with the Former Soviet Union . . . We found that, in practice, the Coordinator's role is much more limited. Other groups within the executive branch have equal or greater influence and authority over assistance to the FSU or function autonomously outside the Coordinator's purview.

A new Coordinator has now been named to replace Ambassador Simons. While his charter will be signed by the President instead of the National Security Advisor, and he will report directly to the Secretary of State instead of the Deputy Secretary, it is not clear that his legal authority has been broadened.

I believe the GAO report is evidence that the coordinator of aid to the former Soviet Union should be in the White House and should have authority over all agencies involved in assistance to the FSU. The text of the report's Results in Brief follows:

### RESULTS IN BRIEF

This report points out that the coordination process has not always worked smoothly—as could be expected for an undertaking of this magnitude. Disputes have arisen between the Coordinator, USAID, and other federal agencies over the appropriateness of various projects. We have not judged the appropriateness of positions taken by various agencies in these disputes. Although the various parties agree that problems exist in the coordination process, there is no consensus as to how the coordination process should change. We are not making any recommendations in this report.

For fiscal years 1990 through 1993, 19 U.S. government agencies committed a total of \$10.1 billion for bilateral grants, donations, and credit programs to the FSU. During the

period, federal agencies obligated \$1 billion and spent \$434 million of the \$1.8 billion authorized by Congress for grant programs, obligated \$1.6 billion, and spent \$1.22 billion for the donation program, and made \$6.7 billion available for direct loans, guarantees, and insurance agreements.

The structure for coordinating and managing U.S. bilateral programs for the FSU starts with the National Security Council's Policy Steering Group chaired by the Deputy Secretary of State. This is the only place where all U.S. government policies and programs involving the FSU come together and where all agencies report. The National Security Council Directorate for Russian, Ukrainian, and Eurasian Affairs, which provides staff support to the Policy Steering Group, has itself played a coordinating role and was key in developing the U.S. package of assistance first presented at the 1993 Tokyo Economic Summit. The Policy Steering Group approved the package but has very limited involvement in grant and credit program implementation.

Pursuant to the Freedom Support Act, in May 1993, the President designated a Coordinator within the Department of State and charged him with (1) designing an overall assistance and economic cooperation strategy for the FSU; (2) ensuring program and policy coordination among agencies implementing the act; (3) pursuing coordination with other countries and international organizations with respect to assistance to the FSU; (4) ensuring proper management, implementation, and oversight by agencies responsible for assistance programs for the FSU; and (5) resolving policy and assistance program disputes among U.S. agencies participating in the assistance program. The Coordinator reports to the Deputy Secretary of State.

While the Freedom Support Act gives the State Department Coordinator broad responsibility for U.S. bilateral programs with the FSU—and calls on him to coordinate with other countries and international organizations on aid programs to the FSU—we found that, in practice, the Coordinator's role is much more limited. Other groups within the executive branch have equal or greater influence and authority over assistance to the FSU or function autonomously outside the Coordinator's purview. In addition, the Coordinator has limited or no authority to direct activities of the Cooperative Threat Reduction program or worldwide programs with the FSU components, such as those of the Export-Import Bank, the Overseas Private Investment Corporation, and Department of Agriculture, and thus has no way of ensuring that all programs for the FSU complement one another.

The only bilateral program wholly within the Coordinator's purview is the program funded by the Freedom Support Act. All agencies, even those with programs that are not under the purview of the Coordinator, generally report on their activities in the FSU to the Assistance Coordination Group, which the Coordinator chairs. However, the Group is not a decision-making body but is essentially a forum for sharing information and giving greater transparency to the program.

Although the Coordinator has issued strategy papers on assistance to and economic cooperation with the FSU and Russia, these documents focus primarily on technical assistance. They do not develop a clearly articulated strategy for achieving the overarching goals of the Freedom Support Act or for helping the countries of the FSU achieve their reform objectives. For example, the strategy papers do not discuss what role programs of the Export-Import Bank, the Overseas Private Investment Corporation, or the Department of Defense will play in achieving U.S. objectives in the FSU.

Other participants involved with U.S. assistance to the FSU have at times resisted, hindered, or overruled the Coordinator's efforts to develop a coherent and comprehensive assistance program for the FSU. These include Cabinet and other agencies, the Gore-Chernomyrdin Commission and Congress through congressional earmarks. Regardless of the merits of individual cases, the numerous efforts to work outside the coordination process dilutes the Coordinator's ability to coordinate the broad range of the bilateral program and to develop a strategy that covers the full scope of U.S. economic cooperation activities. (See apps. I and II for further information on the coordination structure and process.)

The Coordinator's role has been further complicated by the existence of serious disagreement between agencies over various aspects of the program. USAID, a primary implementing agency for Freedom Support Act programs, has been involved in numerous disputes with other government agencies over money and policy.

Agencies complained that USAID often attempted to hinder their participation in the program despite the Coordinator's instructions, would not cooperate with them, and often ignored or overlooked experience other government agencies had with the issues at hand.

USAID officials disagreed with this characterization. They said that other agencies often want to use Freedom Support Act assistance funds for purposes that are not consistent with priorities USAID believes are appropriate. USAID believes it is responsible for maintaining accountability over the program; however, USAID officials said that sometimes other agencies do not understand USAID's accountability requirements.

According to an official at the Coordinator's Office, disputes between USAID and other agencies have required the Coordinator's Office to spend an excessive amount of time dealing with high-level political battles over small amounts of money instead of spending time developing program goals and objectives. (See app. III for information on implementation problems and app. IV for the status of program obligations and expenditures.)

## LOCAL GOVERNMENT LAW ENFORCEMENT BLOCK GRANTS ACT OF 1995

SPEECH OF

**HON. C.W. BILL YOUNG**

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

*Monday, February 13, 1995*

The House in Committee of the Whole House on the State of the Union had under consideration the bill (H.R. 728) to control crime by providing law enforcement block grants.

Mr. YOUNG of Florida. Mr. Chairman, I rise today in support of H.R. 728, the Local Government Law Enforcement Block Grants Act. This legislation represents the final piece of the Taking Back Our Streets Act, 1 of the 10 points of the Republican Contract With America. Passage of today's bill marks the completion of this important legislation, and continues our efforts to radically rejuvenate our Nation's fight against crime.

Today's legislation replaces major portions of the Violent Crime Control and Law Enforcement Act of 1994, which set up a variety of

categorical grants and programs intended to ameliorate poverty and prevent crime. Instead, the present bill establishes block grants to help units of local government improve public safety. Use of the funds can include, but is not limited to, hiring, training, and equipping law enforcement officers and support personnel; enhancing school security, and establishing crime prevention programs involving law enforcement officials. The grant money must not supplant State or local funds, but unlike last years legislation, the States and local governments are not required to provide matching funds.

H.R. 728 authorizes \$10 billion for law enforcement block grants over 5 years, with \$2 billion to be distributed in each of fiscal year 1996 through 2000, and it specifies criteria for eligibility and distribution of the grants. In contrast to the 1994 Crime Control Act, H.R. 728 allows localities greater flexibility in responding to their own crime problems.

Mr. Speaker, statistics paint a grim picture, illustrating clearly that the United States has failed to get a handle on its growing crime problem. According to the FBI, the rate of violent crime in the United States is worse than in any other Western developed country, with a murder occurring every 21 minutes, a rape every 5 minutes, a robbery every 46 seconds, and an aggravated assault every 29 seconds. Violent crime or property crime victimizes one in four U.S. households. Every year, nearly 5 million people are victims of murder, rape, robbery, or assault, and 19 million Americans fall victim to theft, burglary, or arson. Juvenile crime increased by 60 percent between 1981 and 1990, compared to an increase of 5 percent among adults, and the number of inmates convicted of drug offenses rose 14 percent from 1983 to 1989. On all fronts, the problem has become epidemic.

This crime crisis is particularly severe among minorities and the poor. The U.S. homicide rate for black males between the ages of 15 and 24 is 283 times that of males homicide rates in 17 other nations. Homicide is now the leading cause of death for blacks aged 15 to 34. One expert has estimated that a 20-year-old black male stands a greater chance of being murdered on the streets than a soldier in World War II stood of dying in combat.

These figures are frightening, and proof positive that the current approach to battling this epidemic is a dismal failure. Last year's crime bill did little to address the fundamental crime problem in our country. Relying on expensive "Great Societiesque" programs, the bill attempted to do what all other big government social programs have failed to do; make individuals responsible for their actions and instill a sense of right and wrong in those with a propensity to commit a crime.

Mr. Speaker, the overwhelming incidence of crime occurs within State and local jurisdictions, so State and local authorities bear the primary responsibility for combating this mounting crisis. They need help and support from the Federal Government, but not mandated prevention programs. The best thing the Federal Government can do is to try to assist State and local crime-fighters without getting in their way. This legislation will go along way toward that goal and I urge its support.

HUNTINGTON BEACH, CA: SAFEST CITY U.S.A.

## HON. DANA ROHRBACHER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 15, 1995

Mr. ROHRBACHER. Mr. Speaker, for the past several years, the great State of California has seen a series of unparalleled disasters, both natural, manmade, and economic. These have included earthquakes, floods, fires, civil unrest, and even bankruptcy. Even my own constituency in Orange County has been dramatically affected by recent floods and economic reversals. All of this has led to the impression that the State and the county's once great image of prosperity and a high quality of life has diminished.

Despite all of this, I am pleased to report that my home town of Huntington Beach was recently honored as America's "Safest City." The Morgan Quitno Publishing House of Lawrence, KS, in its book "City Crime Rankings" looked at the 100 largest cities in America and discovered that Huntington Beach was the safest place to live. It is with great pride and honor that I commend and applaud each and every citizen and employee in the city of Huntington Beach for their efforts at crime reduction. We are all aware that no one person or event could ever be singled out as a deciding factor in receiving such an award. It takes the patience and commitment of everyone within the community.

For several years, now, the city of Huntington Beach has progressed in exciting and new directions. The advent of Community Oriented Policing, downtown redevelopment, and many other progressive concepts have helped to insure a low crime rate and high quality of life.

Congratulations to Huntington Beach for your efforts! It is nice to have factual verification of what I have known all along, that the Orange County and Huntington Beach area is a great place to live and work.

The police department in Huntington Beach is obviously one of the finest in the Nation. Also important is that the community likes and supports their police and consider law enforcement every citizen's job. So the city, the police, and the people of Huntington Beach have every reason to be proud of their designation as the country's safest city.

## 1994 TOP 10 LIST OF INSURANCE FRAUD

## HON. ROBERT W. NEY

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 15, 1995

Mr. NEY. Mr. Speaker, I commend the following top 10 list of insurance fraud to my colleagues. However, before I proceed, I would like to thank the Coalition Against Insurance Fraud for their hard work and unwavering dedication in bringing insurance fraud to the public's attention.

As a State senator and cochair of the Ohio Insurance Fraud Task Force, I was active in fighting fraud in Ohio. Insurance fraud cost American consumers more than \$68 billion last year. That's more than \$800 a year out of each family's pockets in higher insurance premiums.

In order to give my colleagues a better understanding of the scope and breadth of insurance fraud, I submit the following "1994 Top Ten" list of insurance fraud cases in the United States.

## 1994 TOP 10 LIST OF INSURANCE FRAUD

1. *Stable Slayers.* Hired killers destroyed an unknown number of show horses. Owners collected on insurance policies which usually covered a horse for more than it was worth—\$25,000 and up. The scheme had been going on for decades, and some top names in the horse world are alleged to be involved. Twenty-three people were indicted in Chicago in July for their roles: 17 pled guilty, three were jailed and fined, and six await trial.

2. *Minus One.* Dr. John Rende, a 38 year-old Florida dentist, agreed to allow two brothers, Kenneth and Robert Alberton, to cut off a finger with an axe and claim it was an accident. He collected a \$1.3 million lump sum settlement through one brother's homeowner policy. He also filed under his practice's disability policy. Rende used some of the money to buy a boat he named "Minus One." Rende and the Albertons pled guilty. All are in jail and under orders to make restitution. Mary Rende, John's wife, is expected to plead guilty soon.

3. *An Empire of Scams.* William Loeb set up a phony labor union to sell health insurance from Empire Blue Cross/Blue Shield in 1988. When Empire terminated the insurance contract two years later, the union moved the policies to bogus insurers. More than 8,000 consumers lost \$43 million in premiums on worthless policies. Total unpaid claims could be as much as \$24 million. Insurers for more than 600 agents named as defendants in the case have agreed to pay out more than \$8 million to settle unpaid claims. More settlements may come in March. Loeb is serving seven years in jail.

4. *Coker's Coveted.* Stephen D. Coker is on the run following his September indictment in Alabama on 35 fraud-related counts. He's accused of siphoning at least \$30 million in premiums, passing them through a network of offshore insurers and reinsurers. Coker's accused of looting a British Virgin Islands insurer via a sham reinsurance agreement, filing false financial statements with regulators, selling policies on behalf of bogus insurance companies run by the late fraud artist Alan Teale, and reinsuring several of Teale's own sham operations, taking in at least another \$4 million.

5. *The Eye's on Him.* Dr. Jeffrey J. Rutgard, a San Diego eye surgeon, was indicted in March on 217 counts alleging he bilked Medicare and private insurers out of millions of dollars. He allegedly performed unnecessary operations on mostly elderly patients who were often unable to give informed consent. He was paid \$20.8 million over five years.

6. *A Blue Bel-Aire.* Arthur Blumeyer III was convicted of 27 counts of conspiracy, money laundering and fraud in February. Blumeyer was accused of using St. Louis based Bel-Aire Insurance Co. to bilk policy holders out of about \$43.5 million over six years. He pocketed at least \$4.9 million. Blumeyer's conviction was overturned on a technicality and he's currently in the insurance business awaiting a new trial.

7. *Gypsy Truckers.* Ronnie Lee Johnson of Fort Myers, Florida, pled guilty to two felonies for his role in a multi-state insurance fraud case involving the diversion of at least \$7 million in premiums. The scammers obtained minimal insurance policies by misrepresenting the firms as small ones with only a handful of trucks. The operators then charged hundreds of unwary independent truckers as much as \$5,000 a year to use fraudulently obtained liability insurance.